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TWO-WAY TOURISM

by

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TWO-WAY TOURISM

GOVERNMENT PARTICIPATION in efforts to attract foreign visitors to the United States appears on the verge of substantial expansion. Until recently, Washington's interest in foreign travel, whether of Americans vacationing abroad or of foreigners coming to this country, was limited for the most part to passport, visa and customs formalities. Although a broad-scale program of travel promotion was recommended in the latter part of the Eisenhower administration, the steps taken in that direction did not lead far. Considerably more vigorous action is now being planned.

The Kennedy administration has given its support to a bill in Congress to establish a travel bureau in the Department of Commerce comparable to the travel promotion agencies maintained by numerous foreign governments. Secretary of Commerce Luther H. Hodges, addressing a New York conference held under the auspices of the 21-nation European Travel Commission on April 14, called for "a rising tide of two-way tourist travel between the United States and other countries." Although the immediate concern is to persuade more foreign tourists to come to this country, Hodges gave assurance that there was "no intention of discouraging American travel abroad." On the day he spoke, seven liners sailed from New York carrying 6,200 passengers—the largest number to depart from that port for Europe on a single April day since the end of World War II.

TOURIST SHARE OF BALANCE OF PAYMENTS DEFICIT

Special attention has been directed to foreign travel as the result of a sizable and continuing deficit in the U.S. balance of international payments, which last year caused exceptionally large amounts of gold to leave the country.¹ The United States, while recording a healthy export sur-

¹ "In the second half of 1960 alone, foreign countries purchased \$1.8 billion of gold from the United States, a postwar record rate."—"Gold and Dollar Transfers in 1960," *Federal Reserve Bulletin*, March 1961, p. 265. See "Gold and the Dollar," *E.R.R.*, 1960 Vol. II, pp. 921-958.

plus in its merchandise trade in 1960, had an over-all deficit of \$3.8 billion in its international accounts. The most important single element in that deficit was attributable to what may be called the tourist dollar gap. The Department of Commerce has estimated that American tourists spent \$2.2 billion abroad last year, whereas foreigners traveling in this country spent only \$1 billion. The difference of \$1.2 billion accounted for almost one-third of the balance-of-payments deficit.

The tourist dollar gap could be closed or narrowed (1) by radically restricting the amount of money that an American tourist would be allowed to take out of the country; (2) by getting foreigners in large numbers to travel in the United States; or (3) by taking a combined approach. It was common practice among European countries, during the postwar period of severe foreign exchange stringency, to limit currency withdrawals for tourist spending abroad to such small amounts that no one could go far or stay long. European countries also intensified their efforts to attract dollar-spending American tourists.

Neither President Kennedy nor other administration officials have been disposed to impose the drastic dollar controls that would be necessary to curtail American travel abroad. Instead, Congress willing, they will approach the problem from the opposite side by putting on an all-out drive to swell foreign tourist travel in the United States. Because the tourist flow has been predominantly in the other direction, such a drive can be expected to do no more than narrow, not close, the tourist dollar gap. But in combination with efforts to expand merchandise exports, it may go some distance toward correcting the imbalance in the country's international accounts. Secretary of Commerce Hodges is leaving for Europe on May 1 to explore ways to promote attainment of both objectives.

TRAVEL SPENDING OF AMERICANS AND FOREIGNERS

Expenditures for travel abroad are designated "invisible imports" in the international accounts of the United States. This is because dollars spent by Americans in foreign countries for goods and services have the same effect on the balance of payments as dollars laid out by Americans at home for imported products; the outlay in each case is for foreign products, facilities, or labor. Conversely, expenditures by foreign visitors in the United States are "invisible

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exports"; the foreigners are purchasing American products or services on the spot, just as at home they may purchase goods produced in and exported from this country. By the same token, compilations of expenditures for foreign travel do not include amounts paid out for fares to domestic steamship companies, airlines or railroads; they include only the amounts paid to foreign carriers.

The importance of travel expenditures as imports and exports is demonstrated by comparisons in the accompanying table of the dollars so expended abroad and in this country with the dollar value of the four leading U.S. merchandise imports and exports. Americans spent more for foreign travel in 1959, latest year for which detailed figures are available, than for any single material import. And foreign travel expenditures in the United States, while considerably smaller than the country's chief merchandise export, almost equaled the second ranking export product—automobiles and parts.

COMPARISON OF TRAVEL EXPENDITURES AND FOUR LEADING
U.S. IMPORTS AND EXPORTS, 1959
(millions of dollars)

	Imports	Exports
U.S. travel abroad	\$1,992	Foreign travel in U.S. \$ 992
Petroleum and products	1,529	Machinery 3,846
Coffee	1,097	Autos and parts 1,136
Paper and manufactures	743	Wheat and wheat flour 715
Sugar	496	Iron and steel products 538

SOURCE: Department of Commerce.

Statistical compilations going back to 1820 indicate that since that time foreign travel expenditures in the United States have exceeded American travel expenditures abroad in only one year (1849) and have broken even in only five years (1830-33 and 1848).² It has thus been the rule for American travel expenditures in foreign countries to exceed foreign travel expenditures here. The extent of the gap in recent years is shown in the table on the next page. Within the space of only a dozen years the amount spent annually by foreign travelers in this country has gone up 142 per cent, but the rise in the amount spent annually on foreign travel by Americans has been even greater—176 per cent—with the result that the deficit in this account has jumped 218 per cent.

² U.S. Department of Commerce, *Historical Statistics of the United States, Colonial Times to 1957* (1960), pp. 562-563.

DOLLAR GAP IN TOURIST SPENDING, 1949-60
(millions of dollars)

	Expenditures abroad by Americans *	Expenditures in U.S. by foreigners †	U.S. deficit
1949	\$ 805	\$445	\$360
1950	899	466	433
1951	889	523	366
1952	1,012	613	399
1953	1,108	631	477
1954	1,192	655	537
1955	1,354	717	637
1956	1,513	768	745
1957	1,633	869	764
1958	1,780	914	866
1959	1,992	992	1,000
1960	2,255	1,078 ‡	1,177 ‡

* Including fares paid to foreign, but not U.S., transportation lines.

† Including fares paid to U.S., but not foreign, transportation lines.

‡ Preliminary estimate.

SOURCE: Department of Commerce.

In 1929, the peak year for foreign travel between the two great wars, Americans spent \$651 million abroad and foreigners spent \$153 million in the United States. The deficit of \$498 million was reduced to the neighborhood of \$200 million as travel fell off in the following depression years. In that period, moreover, there was no deficit in the over-all balance of payments. Existence of a deficit now has made the large and constantly growing tourist dollar gap a matter of concern.

STRESS ON NEED TO REDRESS THE TOURIST BALANCE

President Kennedy, in the State of the Union message he sent to Congress on Jan. 30, ten days after taking office, promised immediate efforts "aimed at attracting foreign investment and travel to this country, promoting American exports . . . [and] curbing tax and customs loopholes that encourage undue spending of private dollars abroad." Returning to the subject in a message on Feb. 6 specifically devoted to the gold and balance-of-payments problem, the Chief Executive observed: "Foreign travel to the United States constitutes a large potential market hitherto virtually untapped. . . . Economic conditions in many foreign countries have improved to the point where a strong travel promotion effort by this country can be expected to yield significant results." He then announced that the departments of Commerce, State and Treasury would cooperate in

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"a major new program to encourage foreign travel in the United States."

This program will include the establishment of travel offices abroad; new advertising campaigns; action to simplify our visa and entry procedures for temporary visitors; and efforts to relax foreign restrictions on travel to the United States. The program will be energetically administered in the Department of Commerce.

Kennedy noted that the program would follow lines proposed in a bill sponsored by Sen. Warren G. Magnuson (D Wash.) in both the present and the preceding Congress. He wrote Magnuson, on the day the balance-of-payments message went to Congress, urging prompt action on the measure. The Senate passed the bill, by voice vote, on Feb. 20.³ A House Interstate and Foreign Commerce subcommittee held hearings toward the end of March and again in April. Secretary Hodges predicted before the subcommittee, March 29, that a campaign of foreign advertising under the auspices of an international travel agency in the Commerce Department would bring to the United States "tens of thousands of tourists each year more than we're getting now."

PLAN TO CUT DUTY-FREE ALLOWANCE FOR TRAVELERS

In addition to advocating a program to promote foreign travel in the United States, the President in his balance-of-payments message also proposed narrowing the tourist dollar gap by putting some restraint, not on American travel abroad, but on spending by Americans abroad. He explained:

After World War II, as part of our efforts to relieve the dollar shortage which then plagued the world, Congress provided for two additional increases of \$300 and \$100 in the duty-free allowance for returning travelers, for a total of \$500. The primary purpose of this change having vanished, I am recommending legislation to withdraw this stimulus to American spending abroad and return to the historic basic duty-free allowance of \$100.

It has been estimated that American travelers abroad spend \$200 million to \$300 million annually for foreign merchandise. An administration bill to put the duty-free allowance back to \$100 was sent to the House on Feb. 24 and referred to the Ways and Means Committee. The committee has not yet acted, but it was reported recently that it might prefer, in place of a direct statutory change, a grant of authority to the President to reduce the allowance.

³ For provisions of Magnuson bill, see p. 298. The bill has more than a score of co-sponsors, Democrats and Republicans.

The committee's attitude apparently reflected opposition to the proposal. Concern over reduction of the allowance had been voiced by officials of the Canadian government, because Canadian travelers already spend more in the United States than Americans spend in Canada. Opposition was expressed at home by travel agents and by Bureau of Customs officials. The latter told the House Appropriations Committee, in testimony made public March 24, that cutting the allowance to \$100 would encourage petty smuggling and require hiring of additional customs agents for closer inspection of the baggage of returning citizens. At the same time, they hazarded the opinion that reduction of the duty-free allowance to \$100 might pare tourist spending abroad by from \$140 million to \$175 million a year.

Information furnished to the Senate Commerce Committee by the Department of Commerce early in February showed that most countries of Western Europe let their returning travelers bring in foreign merchandise duty free to a value of only \$10 or \$12. Denmark and Sweden are exceptions in allowing duty-free entry of around \$50 worth of foreign goods.

Growth of Foreign Travel by Americans

FOREIGN TRAVEL, booming since World War II as never before, has been a favored diversion of Americans for more than a century. In every year of the 1850s the volume of such travel, as measured by the estimated expenditures of those going abroad, was two or three times what it had been in the years of the preceding decade. Despite the nation's growing struggle over slavery, this was a time of expansion and prosperity. The Beards have written:

In the United States nothing was static. . . . Inventors were altering the face of the earth and the sea; builders of factories and railroads were striding forward in seven league boots followed by their swelling army of industrial workers; steamships were beginning to drive sailing vessels from the deep; and packages of securities in strong boxes were growing bulkier day by day. . . . In the decade preceding Lincoln's election, the output of domestic manufactures, including mines and fisheries, almost doubled in value.⁴

⁴ Charles A. and Mary R. Beard, *The Rise of American Civilization* (Vol. I 1927), pp. 631 and 635.

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Numerous beneficiaries of the prosperity of the 1850s embarked for Europe on an American version of the British aristocrat's grand tour. If in that day the foreign travelers were limited for the most part to the new captains of industry and their families, it was a different story soon after the Civil War. Mark Twain's celebrated humorous book *The Innocents Abroad*, published in 1869, was based on a voyage two years earlier on the *Quaker City* "with a party of excursionists bound for the Mediterranean and the Holy Land." The *Dictionary of American Biography* has commented that "Probably no other book in American literature has ever been more representative than *The Innocents* was of the age which produced it."

The United States, having arrived at something like a settlement of its domestic affairs by a civil war, was turning once more to thoughts about the rest of the universe. The *Quaker City* excursion was a straw in the wind. Its members were not many of them the sort of Americans who had hitherto visited the Old World, but instead were plain citizens, little addicted to history and yet hungry, in the defiant American way, for the sight of ancient things. They were typical of a whole stratum of the American population which had been thrown up by the war to a level on which traveling was a possibility.⁵

Transatlantic travel was fostered in the 1870s by "better accommodation for the passenger, with the midship saloon, improved state-rooms, and covered access to smoke-rooms and ladies' cabins." The maiden sailing from Liverpool for New York, March 2, 1871, of the White Star liner *Oceanic* "opened a new era in Atlantic travel." It was this ship that "introduced the midship saloon, which extended the whole width of the ship, thus giving increased light and improved ventilation, and reducing to a minimum the sensation of the vessel's motion."⁶ The crossing in those days accordingly was not rigorous; nor was it slow. The Inman liner *City of Paris* in 1867 "held the westward record with 8 days 4 hours, and in 1869 the *City of Brussels* came home in 7 days 22 hours 3 minutes." Twenty years later, in 1889, a second *City of Paris* became "the first vessel to cross the Atlantic in less than six days."⁷

American expenditures for travel abroad crossed the \$100 million mark in 1900 and never afterward fell below

⁵ C. V.-D., "Samuel Langhorne Clemens," *Dictionary of American Biography* (Vol. IV 1930), pp. 198-194.

⁶ "Steamship Lines," *Encyclopedia Britannica* (Eleventh edition, Vol. 25 1911), pp. 850 and 859.

⁷ *Ibid.*, p. 851.

that figure except in the war year 1918. A quick rebound followed the restoration of peace. Foreign travel spending passed the \$200 million mark in 1920 and then increased steadily and swiftly to \$483 million in 1929.⁸ Expenditures for foreign travel reflected the course of economic decline and recovery in the 1930s, dropped down again during World War II, and then rose to new heights.

SWELLING OF TRAVEL FLOW IN PROSPEROUS 1920S

A number of factors sparked the big expansion of foreign travel that took place after World War I. Two million men from every walk of life had gone to Europe, most of them for the first time, as members of the American Expeditionary Force. In the succeeding decade a good many of those men went back to France to revisit the fields they had fought over, and Gold Star mothers in large numbers made pilgrimages to the graves of sons who had died overseas. The prosperity that prevailed through most of the 1920s facilitated such travel, as it did visits to "the old country" by persons who had come to the United States in the earlier years of heavy and unrestricted immigration from Europe.

Sharp restriction of immigration after 1921 led to a transportation development that stimulated overseas tourist travel by persons of modest means. Conversion of the old-fashioned steerage, in which millions of immigrants had made the passage to America, into the new tourist class, and introduction of one-class ships at tourist class rates, enabled hosts of teachers, students and others to spend the long summer vacation abroad. At home, meanwhile, growth of automobile ownership made it easy for increasing numbers of people to get a taste of foreign travel by crossing the border into Canada or Mexico.⁹

RECENT BOOM IN TRAVEL ABROAD BY AIR AND SEA

Mounting of foreign travel expenditures into the billions of dollars has occurred, as noted,¹⁰ only since World War II. Higher prices have contributed substantially to the rise, but a large increase in the volume of travel is mainly re-

⁸ U.S. Department of Commerce, *Historical Statistics of the United States, Colonial Times to 1957* (1960), p. 562. This statistical series does not include in travel expenditures payments to foreign carriers for overseas transportation. Payments on that account amounting in 1929 to \$164 million are responsible for the difference between the total for that year cited above and the total given on p. 288.

⁹ Motor travel into Mexico was limited until the Inter-American Highway was opened as far as Mexico City in July 1936.

¹⁰ See p. 288.

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sponsible. The number of Americans now going overseas in a year, not counting cruise travelers or military and other government personnel and their dependents stationed abroad, is three times as great as in 1929. Travelers to foreign countries, not including Canada and Mexico, numbered around 517,000 in 1929 and about 435,000 in 1947. The total then rose to 676,000 in 1950, to 1,075,000 in 1955, and to 1,516,000 in 1959, the latest year for which complete statistics are available. In 1959, 705,000 of the travelers went to Europe, 677,000 to the West Indies or Central America, 59,000 to South America, and 75,000 to other regions.

The number of foreigners traveling to the United States from overseas countries for pleasure or business rose from 332,000 in 1955 to 544,000 in 1959.¹¹ The volume of foreign travel to this country is now about the same as the volume of American overseas travel 30 years ago, but the recent increase, amounting to 64 per cent in four years, suggests that with suitable encouragement the traffic can be further substantially expanded.

Americans were encouraged to travel abroad, after World War II, not only by foreign governments but also by the United States government. Tourist travel to foreign countries offered a means of alleviating the acute dollar shortage overseas and thus of contributing to economic recovery. With that purpose in mind, Washington urged reduction of foreign barriers to travel, and no fewer than 69 countries waived visa requirements for visiting Americans—either completely or for sojourns limited to a specified number of weeks.

The great spreading out of American concerns and activities to other parts of the globe that took place after World War II acted as a natural stimulus to foreign travel. The war had quickened the interest of the American people in places all over the world, and stationing of hundreds of thousands of soldiers and civilians abroad after the war provided added reason for relatives and friends to go overseas. But the greatest impetus to tourist travel doubtless was that provided by development of transocean air transportation. Coinciding with a general liberalization of the

¹¹ Totals exclude Canadian and Mexican visitors and all foreign government personnel; include other foreigners traveling for pleasure or business or in transit through the United States, and students.

vacation policies of United States employers,¹² air travel enabled many persons to go on European or other foreign holidays without taking time off from jobs without pay. By 1954 more people crossed the oceans by plane than by ship; by 1960, when fast-flying jets were beginning to take over the major transocean skyways, the planes carried more than twice as many passengers as the ships.¹³

With the advent of time-saving air transport and liberalization of vacation policies, Americans became promising targets for extensive advertising programs put on by domestic travel agencies, by airline and steamship companies, and by foreign government travel agencies. Testimony before the Senate Commerce Committee last Feb. 3 gave an indication of the huge sums being laid out by transportation companies and foreign advertisers to lure American tourists. A single international airline was said to have spent more than \$8 million in one year on newspaper, magazine and TV-radio advertising and other promotion programs. Annual budgets of government tourist offices were given as \$3.6 million in Great Britain, \$3.3 million in France, and \$2.7 million in Canada.¹⁴ Foreign airline, railroad, steamship, hotel and other advertisers were reported to have spent \$9.4 million in American newspaper advertising and \$7.3 million in American magazine advertising in 1959.¹⁵ Combined domestic and foreign expenditures in the United States to promote travel abroad were estimated, in testimony before the House Commerce subcommittee on April 12, at \$107 million a year.¹⁶

¹² A *Wall Street Journal* survey pointed out, Jan. 9, that about 80 per cent of all workers in 1945 were employed by companies that gave an annual vacation of no more than two weeks, whereas today more than 80 per cent of workers are employed by companies that grant vacations of three weeks or longer.

¹³ This year marks the final year in a planned three-year transocean airline transition from 300 mile-an-hour piston-engine planes to 550-600 mile-an-hour jets. The first transatlantic jet flights were made in 1958.

¹⁴ Testimony of Somerset R. Waters, president of Child & Waters, Inc., management consultants to the travel industry.

¹⁵ Testimony of Robert K. Farrand, vice president of Curtis Publishing Co.

¹⁶ Testimony of Willis G. Lipscomb, vice president of Pan American World Airways.

Plans for Attracting Foreign Tourists

THE UNITED STATES, long a promised land for the world's oppressed and homeless, has been only to minor extent a goal for world travelers. Various circumstances have tended to keep the inflow of foreign tourists to relatively small, though now expanding, dimensions. For one thing, travel in this country tends to be more expensive than travel in many foreign countries, and income levels in general are lower among foreigners than among Americans. Furthermore, the United States, having had few foreign tourists, has not developed the habit of catering to them. Along the well-traveled tourist paths of Western Europe, for example, many hotel and store clerks, waiters and guides are multi-lingual. But in this country travelers who do not speak English have to contend with a language barrier almost everywhere they go.¹⁷

Sen. Magnuson observed at the hearings on his bill last Feb. 2 that "One of the worst problems we have in getting foreign people . . . to come to the United States . . . is the amount of red tape that is involved in getting into this country." A fingerprinting requirement, until lifted in 1957 for non-immigrant visitors, and a continuing vaccination requirement have been minor annoyances except to the Russians, who found them cause for official objection.¹⁸ Most complaints have had to do with the procedure of getting a visa to enter the United States. That process, which until very recently involved answering searching questions as to character and financial capacity and sometimes necessitated repeated trips to the American consulate, is believed to have scared off many prospective visitors.

It is because so many foreigners have wanted to emigrate to the United States that the lot of the temporary

¹⁷ Secretary Hodges, discussing the language bar on March 22, suggested that local chambers of commerce list residents speaking a foreign language who would be willing to serve as guides for foreign visitors. It has been reported that Cuban refugees have been loath to seek haven in other cities than Miami because almost every hotel, restaurant and store in that city has Spanish-speaking persons in its employ—something the refugees could not find in many other American cities.

¹⁸ Lifting of the fingerprinting requirement, under a congressional grant of discretionary authority to the Secretary of State and the Attorney General, paved the way for negotiation of a cultural exchange agreement concluded with the Soviets early in 1958. The Soviet Union had refused to allow fingerprinting of its citizens. See "Cultural Exchanges With Soviet Russia," *E.R.R.*, 1959 Vol. II, p. 505. It was reported from Moscow, April 11, that Russia had begun to demand vaccination certificates of American tourists, apparently in retaliation for the U.S. requirement. Vaccination certificates are not generally required of travelers in Europe.

entrant has been made rigorous. Under the immigration laws a prospective visitor is considered an immigrant until he establishes the fact that he is only a tourist with no intention of evading the restrictive immigration requirements. In the meantime, in order to get a visa, the applicant has had to meet the tests prescribed for immigrants and prove that he is not identified with any of some 31 classes of aliens specified by law as ineligible to enter the country. A recent survey of 25 countries by the Travel Advisory Committee of the Department of Commerce found that the average time required to obtain a visitor's visa to enter the United States was about two weeks, but many stories of considerably longer waits have been current abroad.

EFFORTS TO FACILITATE ISSUING OF TOURIST VISAS

The State Department issued instructions to consular officers, Jan. 1, 1960, aimed at improving visa issuance procedures and facilitating the entry of foreign visitors. However, the Commerce Department's Travel Advisory Committee concluded in a report on visa problems a year later that the instructions only made clear "the State Department's inability to materially simplify visitor visa requirements." The committee concluded, last January, that "Immigration law can and should be amended, that visitor visa issuance practices can and should be simplified, and that such action can be taken without risk to our national security or without increasing illegal immigration potential."

It was disclosed by the Commerce Department, April 12, that an inter-agency committee representing that department and the State, Treasury and Justice departments had recommended amendment of the Immigration and Nationality Act of 1952 to authorize: (1) issuance of tourist visas valid for a period of not to exceed 90 days; (2) waiving of such visas on a reciprocal basis at the discretion of the Secretary of State and the Attorney General, acting jointly; (3) waiving of photograph requirements; and (4) deletion of references to race and ethnic classifications. The State Department has acted, meanwhile, to remove a leading source of complaint. It announced, March 3, that it would no longer require applicants for visas to fill out a long form containing questions to which exception had frequently been taken, such as whether the applicant was

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coming to the United States for immoral purposes. Applicants in future will have to fill out only a one-page form containing routine questions.¹⁹

RECOMMENDATIONS OF RANDALL COMMISSION IN 1958

Simplification of "governmental procedures relating to customs, visas, passports . . . and other regulations that sometimes harass the traveler" was endorsed by President Eisenhower in a message to Congress, March 30, 1954, on foreign economic policy. Four years later, on May 12, 1958, Eisenhower sent to Congress a report on barriers to international travel that had been prepared by Clarence B. Randall, his special assistant on foreign economic affairs, in fulfillment of a provision of the Mutual Security Act of 1957.

In addition to making specific recommendations for eliminating visa red tape, the Randall report proposed that an Office of International Travel be set up in the Department of Commerce to act as the American counterpart of foreign government travel bureaus; that other government agencies, such as the State Department and the U.S. Information Agency, use their facilities at home and overseas to promote international travel; and that all federal agencies cooperate to make 1960 an effective "Visit U.S.A. Year." Among other recommendations was a proposal that the State Department help American tourist agencies set up offices in Communist countries and that it continue efforts to exchange tourism experts with such countries.

The emphasis at that time was less on attracting foreign tourists to the United States than on promoting international travel in general as a means of fostering peace.²⁰ Eisenhower said in transmitting the report to Congress that the United States could exert a "powerful influence in behalf of peace" by "strong leadership in promoting through travel the interchange of friendly visits." But no request was made for appropriations to carry out the recommendations, and Congress took no action. Although the Commerce Department established an Office of International Travel in its Bureau of Foreign Commerce, the O.I.T. could

¹⁹ The International Chamber of Commerce proposed, April 12, that the United Nations sponsor a world conference to advance international cooperation in promotion of tourism. One of the main purposes of the conference would be to reduce excessive red tape in travel between countries.

²⁰ Both Eisenhower and Randall had recommended in 1954 that the allowance for duty-free foreign purchases by American travelers be raised from \$500 to \$1,000.

hardly get off the ground with only five employees and a budget limited to \$58,000. The President on Sept. 26, 1958, proclaimed 1960 "Visit the United States of America Year," but nothing effective was done to put that idea across among prospective foreign visitors.

PROVISIONS OF THE MAGNUSON TOURISM BILL

A large deficit in the U.S. balance of international payments in 1959,²¹ combined with an increase in the tourist dollar gap to a record \$1 billion, helped to direct attention to the desirability of making a more serious effort to even out the tourist flow. Sen. Magnuson first introduced his bill to promote foreign travel to the United States on Feb. 25, 1960. The bill won Senate approval, by voice vote, on June 7 but was not acted upon by the House before final adjournment of the 86th Congress.

The reintroduced bill, as it passed the Senate on Feb. 20 of this year, is called the International Travel Act of 1961. The measure would:

(1) Direct the Secretary of Commerce to develop a comprehensive program to stimulate travel by foreigners to the United States; encourage improvement of American tourist facilities and elimination or modification of travel barriers; publish travel information; and, with the concurrence of the Secretary of State, establish travel offices in foreign countries.

(2) Establish a U.S. Travel Service in the Department of Commerce, to be headed by an Assistant Secretary of Commerce for Travel.

(3) Establish a Travel Advisory Board of 20 non-governmental members appointed by the Secretary of Commerce, at least 10 members to represent the travel and related industries.

(4) Direct the Travel Advisory Board to consult with the Assistant Secretary on activities of the Travel Service and recommend programs and policies; at least once a year submit to the Secretary and Congress appraisals of the effectiveness of Travel Service activities.

(5) Amend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) to authorize use of counterpart funds to finance operation of travel offices overseas, in such amounts as may be specified by Congress in appropriation acts.

(6) Authorize appropriation of \$5 million to carry out the act in fiscal 1962, and appropriation thereafter of such sums as may be necessary.

Secretary Hodges told the House Commerce subcommittee, March 29, that he did not think "we could intelli-

²¹ The deficit amounted to \$3.8 billion, the same as was recorded the following year (1960).

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gently spend more than \$3 million the first year but would need more later—probably \$4.5 million or \$5 million annually.” He said that \$1.5 million of the \$3 million sought for the first year would be spent on travel advertising abroad. The proposed U.S. Travel Service would have offices in Washington and in five or six foreign countries, including Great Britain, possibly one of the Scandinavian countries, at least one South American country, and Japan. The function of the offices abroad would be to promote travel to this country; transportation and hotel arrangements would be left to the private travel industry.

Diplomatic representatives of the United States abroad believe that foreign travel to the United States can be substantially increased if the government undertakes promotional activity supplementing that carried on overseas by the American travel industry.²² Sen. Magnuson said at the Senate hearings last Feb. 2 that the U.S. embassy in London had estimated, in a report to the State Department, that the present annual total of around 60,000 British visitors to the United States could be increased by 15 or 20 per cent a year for the next five years and by 10 per cent annually thereafter. The embassy in Bonn thought that the kind of travel promotion envisioned by the Magnuson bill would expand West German travel to this country by 25 or 30 per cent. The embassy in Tokyo looked for a doubling in two years of Japan’s present annual crop of 23,000 United States-bound travelers, provided Japan’s existing currency restrictions were eased.

SPECIAL TOURS AND RATES TO BOOST TOURIST TRAVEL

Although opinions differ as to the costliness of travel in the United States as compared with travel in other countries, it is agreed that most foreigners, at least most Europeans, have the impression that they cannot afford a visit to this country. One of the first tasks of the new U.S. Travel Service, if it is established, will be to overcome this impression. It will be powerfully aided in that effort if transocean fares and the costs in this country of a limited tour are brought down from present levels. There are signs that the travel industry is moving in that direction.

Special tours and other package travel arrangements

²² The Senate Commerce Committee was told last February that the American travel industry is represented by about 20 offices in the United Kingdom, where U.S. airlines are reported to have spent \$750,000 in advertising in 1960. British airlines and steamship companies and travel agencies also promote travel to America. Similar activities are carried on in numerous other countries.

are being offered in increasing numbers. The American Automobile Association, for example, has four "Visit America" tours running from two to three weeks and costing from \$161 to \$351, excluding transportation from the foreign country and back again. Le Beau Tours offers a 21-day trip through 27 cities for \$255, including transportation within the United States, hotel rooms (but not meals), and sightseeing excursions.

KLM, the Dutch airline, has arranged a 17-day "European Ladies Tour" of New York, Philadelphia, Washington, Pittsburgh, Detroit, Buffalo and Albany for \$650, including transportation, hotel rooms, and two meals a day. Varig Airlines of Brazil organized a \$707 19-day tour of the eastern United States, which included travel by rented automobiles from Florida to New York. Promoted as the *Excursao de Sua Vida* (trip of your life), the tour was so popular that a scheduled three-month advertising campaign was halted at the end of one month; airline space and car rentals ran out after 14 tours of 60 passengers each.

All major U.S. transatlantic airlines now feature 17-day, off-season (October to March) round-trip excursion fares at \$350, which is \$100 less than the regular in-season London-New York economy-class fare on a piston plane. The Flying Tiger Line, a cargo carrier, announced early in April that it would charge members of organized European groups only \$99 for a round-trip charter flight to the United States on Super Constellation piston planes carrying 118 passengers.²³ Charters will have to be individually approved by the Civil Aeronautics Board, whose rules require chartering only to bona fide organizations of specific size; individuals must have belonged to the group for at least six months.

Flying Tiger announced that its purpose was to stimulate European travel to this country. The \$99 fare is a far cry from the present minimum of \$350 or \$450 on regular flights of scheduled airlines. If it sets an example that leads eventually to lowering of transportation costs by other transatlantic carriers, the number of foreign visitors to the United States may rise substantially.

²³ The round-trip transatlantic charter rate for Americans will be about \$230.







